



CITY OF EUREKA

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September 17, 2019

Hon. Joyce Hinrichs, Presiding Judge
Humboldt County Superior Court
825 5th Street
Eureka, California 95501

RE: Response of the Eureka City Council to the section of the 2018-2019 Humboldt County Grand Jury Report titled “*Like, Home? There’s No Place,*” dated June 28, 2019.

Dear Judge Hinrichs:

The Eureka City Council (the Council) is charged by Penal Code Section 933, et seq. with responding to the Grand Jury’s finding and recommendations. Please consider this to be the Council’s response to the “*Like, Home? There’s No Place*” section of that report (“the report”).

On page 26 of the report, the Grand Jury divides responsibility for responding to the findings and recommendations of the report between the Council and Board of Supervisors. As requested, the Council will be responding to F3, F4, F5, F8, F9, R6, R7, R8 and R10.

RESPONSES TO FINDINGS

F3. The number of individuals and families who are currently homeless far exceeds the number of available permanent affordable housing units.

The Council disagrees partially with this finding, based on the implied correlation of homelessness to a lack of “affordable housing units,” and because “affordable” is a very imprecise term.

The finding presumes a direct nexus between the availability of housing units and the number of individuals/families that are homeless. While there is certainly a relationship between the two, the issue of homelessness is complex and cannot simply be attributed to the availability of housing. Mental health, substance abuse, and other dynamics must be factored into consideration for a meaningful discussion of homelessness. Homelessness would very likely continue to plague our County, even if the number of affordable housing units exceeded the number of homeless individuals/families.

The term “affordable housing” is often misunderstood. The U.S. Department of Housing and Urban Development (HUD) defines "affordable housing" as “housing that costs no more than 30 percent of a household's monthly income.” So, a residential unit that costs \$2,000 per month may be affordable (i.e. less than 30% of a person’s income) for some people and not for others. Accordingly, household income is critical in considerations of affordable housing. The table below shows what is affordable for various income levels in Humboldt County:

Housing Affordability Matrix – Humboldt County (2018)

Table 33. Housing Affordability Matrix - Humboldt County (2018)							
Household ^(a)	Annual Income	Affordable Costs		Housing Costs		Affordable Rent	Affordable Home Price ^(c)
		Rental	Ownership	Utilities	Taxes and Insurance ^(b)		
Extremely Low Income (under 30% MFI)							
1-Person	\$12,600	\$315	\$315	\$107	\$63	\$208	\$32,411
2-Person	\$16,460	\$412	\$412	\$121	\$82	\$291	\$46,608
3-Person	\$20,780	\$520	\$520	\$154	\$104	\$366	\$58,455
4-Person	\$25,100	\$628	\$628	\$190	\$126	\$438	\$69,631
5-Person	\$29,420	\$736	\$736	\$226	\$147	\$510	\$81,031
Very Low Income (31 to 50% MFI)							
1-Person	\$21,000	\$525	\$525	\$107	\$105	\$418	\$69,966
2-Person	\$24,000	\$600	\$600	\$121	\$120	\$479	\$80,249
3-Person	\$27,000	\$675	\$675	\$154	\$135	\$521	\$86,285
4-Person	\$29,950	\$749	\$749	\$190	\$150	\$559	\$91,371
5-Person	\$32,350	\$809	\$809	\$226	\$162	\$583	\$94,052
Low Income (51 to 80% MFI)							
1-Person	\$33,550	\$839	\$839	\$107	\$168	\$732	\$126,016
2-Person	\$38,350	\$959	\$959	\$121	\$192	\$838	\$144,349
3-Person	\$43,150	\$1,079	\$1,079	\$154	\$216	\$925	\$158,432
4-Person	\$47,900	\$1,198	\$1,198	\$190	\$240	\$1,008	\$171,565
5-Person	\$51,750	\$1,294	\$1,294	\$226	\$259	\$1,068	\$180,786
Moderate Income (81 to 100% MFI)							
1-Person	\$50,350	\$1,259	\$1,469	\$107	\$294	\$1,152	\$191,739
2-Person	\$57,500	\$1,438	\$1,677	\$121	\$335	\$1,317	\$219,402
3-Person	\$64,700	\$1,618	\$1,887	\$154	\$377	\$1,464	\$242,874
4-Person	\$71,900	\$1,798	\$2,097	\$190	\$419	\$1,608	\$265,675
5-Person	\$77,650	\$1,941	\$2,265	\$226	\$453	\$1,715	\$282,160

Sources: HCD Income Limits, 2018

^(a) Affordability definitions of housing costs are per Health and Safety Code Section 50053

^(b) 20 percent of monthly affordable cost for taxes and insurance (owner costs only)

^(c) Calculation of affordable home sales prices based on a down payment of 20%, annual interest rate of 5%, 30-year mortgage, and monthly payment 30% of gross household income.

Using the table above, the range of “affordable” becomes evident. For example, the annual household income for a 2-person very low income household (31 to 50% MFI) in Humboldt County is \$24,000 per year, which means that rent at or below \$600 per month is affordable for a 2-person very low income household. Alternatively, the affordable monthly rent for a 1-person low income household (51 to 80% MFI) is \$839. Accordingly, defining “affordable housing units” is not simple.

There are two primary ways to provide affordable housing: deed-restricted affordable housing and affordable-by-design housing. Deed-restricted affordable housing is complex and typically requires substantial administration as well as subsidies from a government entity. As an example, a rental unit is worth \$1,000 per month, but is deed-restricted to be affordable to a low income household. A couple that moves into the unit has an annual income of \$24,000 per year, meaning that they can only afford rent of \$600 per month. Accordingly, the property owner is either obligated to charge a discounted rent on that unit (and therefore loses \$400 per month in revenue) or a government entity makes up the difference each month. Deed-restricted affordable housing requires a substantial amount of administration as the income of the tenants of each unit must be verified on a regular basis.

Affordable-by-design, on the other hand, is much simpler and much easier to understand. Such units are smaller than average units and therefore more affordable than average units. When a residential unit is small enough, it can become affordable to a much lower-income individual. The couple in the example above can afford \$600 per month in rent, which is the typical rental rate for a 400 square foot unit in Eureka. So, a 400 square foot residential unit is affordable without subsidies and does not need to be deed restrict; the unit is “affordable-by-design.” The State Department of Housing and Community Development considers units 500 square feet or smaller to be “affordable-by-design” in Eureka.

Over the past 20 years, the City of Eureka has either supported or directly stimulated the creation of dozens of deed-restricted affordable housing units throughout Eureka. In addition, in May of 2019, the City passed new zoning regulations that incentivize the creation of affordable-by-design housing units. The number of deed-restricted housing units in Eureka is 607. The number of “small” (affordable by design) units is difficult to determine, but is estimated to be in the range of 50 to 100. According to the Humboldt County 2019 Point-in-Time Count, the number of homeless individuals in Eureka is 653. Therefore, the total number of homeless individuals exceeds the total number of “affordable” housing units. However, it is safe to assume that there are not a substantial number of available “affordable” housing units vacant.

However, all of the above may not be relevant to the finding of the Civil Grand Jury. The term “affordable housing” assumes that an individual has income. Individuals with no income cannot afford any housing units at any level of affordability, no matter how many affordable housing units exist in the City; housing for individuals with no income must be entirely subsidized and is no longer considered “affordable housing.”

F4. The production rate of affordable housing units is insufficient to meet the needs of the County’s residents and homeless.

The Council disagrees partially with finding F4 on the same grounds of disagreement found in our response to F3. Further, we note that the finding is in reference to the County.

It is not the responsibility of the City to produce affordable housing units to meet the needs of the County. The City of Eureka has only 20% of the County's total population, but likely contains a substantially higher per capita percentage of the County's overall affordable housing units. There is an estimated 62,600 total number of housing units in Humboldt County and approximately 10,000 housing units in Eureka, which means that Eureka has 16% of the total housing units in the County. However, there are an estimated 2,369 total number of affordable housing units in Humboldt County and approximately 607 affordable housing units in Eureka, which means that Eureka has 26% of the total affordable housing units in the County.

The City is committed to stimulating the production of all ranges of housing, including affordable housing. This commitment is well reflected in the City's recently adopted General Plan, recently adopted Zoning Code, and soon-to-be adopted Housing Element. Yet, despite this commitment, the City has a serious challenge in stimulating new housing units. The City of Eureka is largely built-out and there are relatively few sites that provide realistic opportunities for new development. Because of this challenge of limited development potential within city limits, the City has expended extraordinary effort to analyze the potential for annexation of undeveloped lands surrounding the City. The analysis was conducted by a consulting economist and land use specialist in 2017 as a component of the 2040 General Plan. The analysis definitively determined that annexation of surrounding lands for the purpose of stimulating new development was not a viable strategy due to unsurmountable geographic, ecological, and regulatory constraints.

These strategies acknowledge and embrace Eureka's unique position in Humboldt County as being one of the few places in which multi-story mixed use development and dense infill is possible. Thus in 2019 the Eureka City Council rescinded the 1960-era zoning code and adopted an entirely new zoning code to eliminate many regulations that held back the creation of housing, simplified many development procedures, and includes a substantial set of new development incentives. In particular, the recently adopted code substantially advances opportunities for mixed-use residential development in commercial zones including multi-story buildings with upper floor residential units, especially near transit stops. Mixed-use residential developments have multiple advantages and can satisfy many of the goals and policies of the Housing Element. Residential units in dense multi-story buildings are likely to be smaller than other types of residential units, typically making them more affordable. Such development may also include a range of unit sizes, providing for a diverse mix of income levels in the same building. It is also possible for some or all of the units to be subdivided into condominium units, providing for opportunities for owner-occupied housing and, in some cases, affordable owner-occupied housing. Mixed-use residential developments are also typically closer to amenities, such as transit stops, entertainment opportunities, grocery stores, and other basic needs. Such proximity can reduce or eliminate the need for vehicle ownership, thereby enhancing overall affordability. According to staff analysis, such developments are likely to constitute a substantial portion of the overall housing units developed in Eureka in the coming 20 years.

The five strategies to stimulate creation of housing are:

1. Maximize Development Potential of the Few Remaining Vacant and Underutilized Sites;
2. Accessory Dwelling Units (ADUs);

3. Internal Conversions;
4. Small-lot Subdivisions and Conservation Subdivisions; and
5. Geographically-Dispersed Affordable Housing through Affordable-by-Design Incentives and Local Density Bonuses.

These strategies aim to allow and promote full build-out of all remaining vacant and underutilized sites in the City, across all zone districts. While there are very few such parcels available, those that do exist should be developed at their maximum densities such as the site at 428 8th Street (The Lodge at Eureka), developed as a 49 unit senior and homeless low income affordable housing facility ~~as well as the 50-unit Veterans/Homeless affordable housing facility currently under construction and which will provide support services.~~

The City has also committed funding for a 36 unit senior affordable housing project at 7th and Myrtle Avenue proposed for construction in 2020. The City leases a facility at 2413 2nd Street (formerly 139 Y Street) in Eureka to the Waterfront Recovery Services, providing drug and alcohol treatment services and transitional housing to those individuals suffering from addictions which has a direct correlation to homelessness. The City provides operating funds annually for the Betty Chinn Blue Angel Village and provided a \$50,000 grant for the 624 C Street family shelter and respite care facility. ~~The City is continuing to identify a viable location for the Betty Kwan Chinn Foundation PG&E donated manufactured trailers for development of transitional housing.~~ The City is working with Humboldt Bay Housing Development Corporation (DBA Housing Humboldt) in seeking a site to develop permanent supportive housing opportunities to individuals experiencing serious mental illness and homelessness or the risk of homelessness, with funding sources being a major hurdle. The combined use of many types of housing for the future will assist in meeting the goals of lowering, if not eliminating, a homeless population with the city.

F5. The County and City of Eureka's failure to hold regular meetings of their inter-government Leadership Group has resulted in a lack of collaboration between them regarding homelessness.

The Council disagrees ~~entirely~~ with this finding.

Meetings between the City and County can take two primary forms: regular re-occurring group meetings and non-re-occurring as-needed meetings. ~~Formally-scheduled re-occurring meetings are not the exclusive means for the two organizations to collaborate regarding homelessness.~~ Executive leaders from the County and City meet regularly and have done so frequently over the past several years. Executive leaders from the City of Eureka (such as the Mayor, Council Members, the City Manager, the Chief of Police, the Development Services Director, and others) regularly communicate individually with executive leaders from the County (such as Board of Supervisor members, the Chief Administrative Officer, the Director of Health and Human Resources, and others). These communications take the form of one-on-one meetings, emails, and phone calls. The other form of meetings (regular re-occurring group meetings) also occur semi-regularly. Formally-scheduled re-occurring group meetings temporarily ceased in late 2018 and early 2019, but resumed again in April of 2019. Formally-scheduled re-occurring group meetings are already scheduled into the future. However, it is important to emphasize that these re-occurring meetings are not the only means of collaboration and communication between the two entities.

F8. Existing day centers are insufficient to meet the needs of the Humboldt County homeless population.

The Council agrees with this finding but with the following notation:

The City of Eureka is not responsible to produce day centers to meet the needs of the Humboldt County homeless population. The City of Eureka has only 20% of the County's total population and should not be considered as the entity responsible to solve a County-wide (or State-wide) challenge. The City is currently working with the County to explore funding and site options for day centers. However, the City of Eureka strongly encourages the County to site such centers in other Humboldt County communities and to avoid the thinking that all solutions to homelessness must be located in Eureka.

F9. Safe parking programs would address an immediate need for the hundreds of people living in their vehicles in Humboldt County.

The Council disagrees partially with this finding for the following reasons.

While safe parking programs have some advantages, such programs distract funding and staffing from more meaningful and permanent solutions. The City has limited capacity, limited funding, and limited access to funding. **Although t**The City is committed to providing long-term solutions instead of investing the City's limited resources into short-term and temporary "solutions" that have limited value, **the City may support a community partnership for the operation of a Safe parking program.**

RESPONSES TO RECOMMENDATIONS

R6. The Humboldt County Civil Grand Jury recommends the Board of Supervisors and Eureka City Council work together to identify locations for a homeless day center program. This should be completed by November 1, 2019. (F8)

This recommendation has already been implemented.

The City and County discuss this topic at every joint meeting (see responses to F5, R8, and R10) and executives from both organizations regularly discuss this topic during individual communications. At the May 17, 2019 meeting of the Homeless Leadership Work Group, the homeless day center facility and program was presented by the County as their primary objective. City and County staff have been working together to locate a site and the County is seeking a source of funds for a homeless day center facility location and program operations manager.

R7. The Humboldt County Civil Grand Jury recommends the Board of Supervisors and Eureka City Council work together to identify locations for and implement supervised safe parking programs. This should be completed by December 1, 2019. (F9)

This recommendation will **probably** not be implemented.

While safe parking programs have some advantages, such programs distract funding and staffing from more meaningful and permanent solutions. The City have limited capacity, limited funding, and limited access to funding. The City is committed to providing long-term solutions instead of investing the City's limited resources into short-term and temporary "solutions" that have limited value. **However, as noted above, the City may support a community partnership for the operation of a Safe parking program.**

R8. The Humboldt County Civil Grand Jury recommends the Board of Supervisors and Eureka City Council Leadership Group resume meeting at least monthly to address homelessness and other shared issues. This should be completed by October 1, 2019. (F5)

This recommendation has already been implemented.

The Homeless Leadership Work Group last met on May 17, 2019 and July 25, 2019. The Group is also already scheduled to meet several more times this calendar year. See also F5 and R6.

R10. The Humboldt County Civil Grand Jury recommends the Board of Supervisors and Eureka City Council direct staff to develop plans to provide financial incentives to build Accessory Dwelling Units (ADUs) for homeless or very low income residents. This should be completed by September 4, 2019. (F3, F4)

This recommendation has been implemented.

An Accessory Dwelling Unit Loan Program is and has been under review. The primary objective is a funding source for this program and feasible program eligibility requirements must be combined with participant incentives for this program to productive additional housing to benefit homeless individuals. Pending a funding source, City staff will gain input from participants (landlords), lenders, tenants, and the public in drafting guidelines. City will also explore a competitive grant award application for funding for Accessory Dwelling units through the State of California Housing and Community Development CalHOME grant program funding upon the next Notice of Funding Application (NOFA). City staff have been analyzing an Accessory Dwelling Unit Loan Program to fill the gap in financing between a first mortgage lender loan and the total construction cost of an accessory dwelling unit. The City also recently passed a new zoning code that incentivizes Accessory Dwelling Units in a number of ways.

In conclusion, the City Council of the City of Eureka stands ready to work with all parties interested in issues of homelessness. Please contact us through our City Manager if you have questions or comments.

Sincerely,

Susan Seaman, Mayor
City of Eureka

cc: Joseph Kravitz, Foreperson
Humboldt County Civil Grand Jury